

1 is that correct?

2 A If the same two actual facilities are the ones
3 that happen to get used, which may or may not occur in that
4 particular instance.

5 Q Well, if the customer has already got a loop and
6 a port already hooked together --

7 A Yes.

8 Q -- and AT&T requests an unbundled loop and an
9 unbundled port to serve that customer, wouldn't it be most
10 efficient for you to go ahead and use the same loop and
11 port that are already hooked together to meet that request?

12 A And that is certainly possible. That is called
13 resale. Since that is a retail service --

14 Q So it's your --

15 A Can I finish my answer, sir?

16 Q Yes, go ahead, I'm sorry.

17 A Thank you. The scenario you just painted for me
18 was a customer that had a retail service from BellSouth, a
19 residence or a business line presumably, and AT&T wants to
20 take it over in an efficient manner, and they can certainly
21 do that, and that is called resale of residence or business
22 service.

23 Q So it's your testimony then that BellSouth would
24 disconnect these various elements and would require AT&T to
25 hook them back together, even if they were already

1 connected when AT&T made the request; is that your
2 testimony?

3 A No, sir, I didn't say anything like that. I
4 don't know how you got that from my testimony.

5 Q I thought that's exactly what you said.

6 A Let me try it again. The scenario you painted
7 for me was AT&T wanted to take over an account or a service
8 from an existing customer, and you said you wanted to do it
9 in an efficient manner. One such scenario for doing that
10 is to take that exact customer and that exact service to
11 that customer and do something called change as-is, which
12 is to take over everything sort of lock, stock and barrel,
13 whatever that customer has, without changing one thing,
14 change the billing to AT&T or a CLEC and purchase it via
15 resale. And that's a very efficient manner to operate in,
16 and any CLEC is entitled to do that.

17 Q Okay. Now let's go back and let's talk about
18 AT&T's request to serve that customer using unbundled
19 network elements.

20 A Okay.

21 Q And let's assume for a moment that there is
22 already a loop and a port hooked together serving that
23 customer. Is it your testimony that AT&T -- you would
24 disconnect the loop and the port and then you would require
25 AT&T to somehow hook those back together to serve the same

1 customer that you already have a loop and a port out there
2 serving?

3 A AT&T would force me to do that, sir, because AT&T
4 just ordered a loop and a port, happens to be a particular
5 existing customer. AT&T has now chosen to combine them
6 themselves, therefore, I have no option and no choice but
7 to do exactly what you just said.

8 Q So it's your testimony then that by virtue of
9 making the request, AT&T has required you to disconnect
10 elements that are previously connected and then require
11 AT&T to rebundle them?

12 A Again, I don't -- trying not to talk past each
13 other, there are two different options we are talking about
14 here, maybe three options, and maybe I ought to go through
15 each one of.

16 Q Let's forget about resale for a moment so we
17 don't bump past each other.

18 A Okay.

19 Q And let's talk about a loop and a port that are
20 connected today.

21 A Okay.

22 Q And AT&T comes to you and says I want to buy that
23 loop, and I want to buy that port so I can serve that --

24 A Okay, the only --

25 Q Let me finish my question, please, sir.

1 A Sure.

2 Q Is it your position that the loop and the port
3 would then have to be disconnected from one another and
4 then AT&T would have to figure out some way to make that
5 connection prior to serving the customer?

6 A The answer to that question is yes if AT&T orders
7 a loop and port under the current conditions of our
8 statement and under the terms of the eighth circuit court
9 decision. In addition, as the statement talks about, if
10 AT&T wanted to come to BellSouth and said, we would like
11 you to do some form of combination of those elements for
12 you, that's what I indicated earlier, it could be
13 negotiated between the parties; and if appropriate
14 conditions develop between AT&T and BellSouth, it could be
15 accommodated potentially. But that is something that is
16 beyond the scope of the statement and would have to
17 subsequently be negotiated.

18 Q Mr. Scheye, is it your testimony that the policy
19 that you just articulated is in compliance with the eighth
20 circuit court decision?

21 A Absolutely, sir, that's why we changed the
22 statement to make sure we could reflect that properly.

23 Q So it's your testimony that the eighth circuit
24 decision allows BellSouth to unbundle -- or excuse me,
25 unconnect elements that are previously connected in order

1 to require a requesting carrier to then make the
2 connection?

3 A I don't believe I said that, and let me try it a
4 different way. We are talking about a customer to start
5 with -- our scenario started with a customer with an
6 existing telecommunication service provided by BellSouth.
7 The capabilities provided in that particular
8 telecommunication service, call it a 1FR or a 1FB, uses all
9 the components of BellSouth's network. It uses everything
10 that we provide today in our local network, that is why we
11 have it. Now that is a basic retail service that is out
12 there. Now AT&T comes and says, I want to use a loop and
13 port component. We are not taking apart unbundled network
14 elements. We're simply -- you're asking me about a retail
15 service, and now AT&T could subsequently order the pieces.

16 Q Mr. Scheye, I'm really not trying to talk past
17 you. You know, I think you and I both understand we are
18 talking about the use of unbundled network elements.

19 A Yes, agreed.

20 Q We are not talking about a resale service.

21 A That is where we started, sir.

22 Q We are talking about using unbundled elements to
23 serve an existing customer. Now is it my understanding
24 that the only way -- that there are only two ways, excuse
25 me, that I can use, as an ALEC, I can use those elements to

1 serve an existing customer? One way would be for you to
2 unconnect the service that is connected out there today and
3 sell me that piece part and require me to somehow figure
4 out a way to rebundle it; or in the alternative, I could
5 make a bona fide request to BellSouth and pay what is known
6 as the glue charge; is that correct?

7 A Or you could resell the service.

8 Q But we are talking about the use of unbundled
9 elements, are we not, Mr. Scheye?

10 A We're not, that's the problem. You want to
11 assume that this customer has a series of unbundled network
12 elements, and what I'm suggesting to you is that the
13 customer in question has a retail service that uses all of
14 BellSouth's network. It happens to use loops, ports,
15 transport, everything that is unbundled obviously, but it
16 is buying a retail service. And now you are asking me to
17 tear apart piece parts of something or other; it is not
18 unbundled network elements. You are asking me to provide
19 AT&T components of network, and I am willing to do that.
20 I'm willing to do that in accordance with our statement,
21 and I'm willing to do that in accordance with the eighth
22 circuit decision.

23 Now what the eighth circuit decision tells me is
24 in providing unbundled network elements, BellSouth, quote,
25 doesn't have to do all the work. The carrier, in this case

1 AT&T, should do or can do the combination of elements. I
2 have also indicated that BellSouth is willing to negotiate,
3 if you want us to do some additional work, which has been
4 called the glue charge.

5 Q Mr. Scheye, isn't it a fact that the eighth
6 circuit left FCC Rule 51.315(b) standing?

7 A Yes, but I don't believe that --

8 Q And doesn't that rule --

9 A Can I finish my answer, sir?

10 Q Yes, sir, go ahead.

11 A That rule and the paragraph that led to that rule
12 does not change anything that we have just talked about.

13 Q Mr. Scheye, doesn't that also -- doesn't that
14 rule provide that except upon request an incumbent LEC
15 shall not separate requested network elements that the
16 incumbent LEC currently combines?

17 A Correct, and we are not doing that.

18 Q Mr. Scheye, let's talk for a minute about how I
19 would go about serving a customer if I were able to use
20 unbundled network elements. The first thing I would need
21 would be a NID; is that correct?

22 A Yes, you can purchase a NID.

23 Q Network interface device. And that would cost 76
24 cents a month; is that correct?

25 A In the statement? Are we referring to the prices



1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2

3 In re: Consideration of) Docket No. 960786-TL
4 BellSouth Telecommunications,)
5 Inc.'s entry into interLATA)
6 services pursuant to Section 271)
7 of the Federal)
8 Telecommunications Act of 1996.)
9 _____)

7

8 FIRST DAY - AFTERNOON SESSION

9 VOLUME 3

10 Pages 299 through 379

11 PROCEEDINGS: HEARING

12 BEFORE: JULIA L. JOHNSON, CHAIRMAN
13 SUSAN F. CLARK, COMMISSIONER
14 J. TERRY DEASON, COMMISSIONER
15 DIANE K. KIESLING, COMMISSIONER
16 JOE GARCIA, COMMISSIONER

17 DATE: Tuesday, September 2, 1997

18 TIME: Commenced at 9:00 a.m.

19 PLACE: Betty Easley Conference Center
20 Room 148
21 4075 Esplanade Way
22 Tallahassee, Florida

23 REPORTED BY: Lisa Girod Jones, RPR, RMR

24 APPEARANCES:

25

(As heretofore noted.)

22

23

24

25

1 I N D E X

2 WITNESSES

3 NAME PAGE NO.

4 ALPHONSO J. VARNER

5	Cross Examination by Mr. Bond	302
	Cross Examination by Ms. Rule	304
6	Cross Examination by Mr. Canis	316
	Cross Examination by Mr. Fincher	353
7	Cross Examination by Ms. Barone	356

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 would be only -- from what I've seen, it's only the case
2 wherein BellSouth would actually be combining the
3 elements, not the case where you would be combining them
4 yourself. That's the situation that I've described that
5 we would not be offering. We will not combine them for
6 you. We will terminate them in your collocation space
7 and you can combine them yourself.

8 Q I'm sorry. That in fact was my question.
9 Let's say Intermedia wasn't inclined to put a
10 multiplexer in its collocated cage, but instead wanted
11 BellSouth to perform that multiplexing function and then
12 provide a cross-connect from that multiplexer to
13 Intermedia's collocated cage. In that case, would
14 BellSouth impose a GLUE charge for combining the
15 unbundled loop with the multiplexer?

16 A Well, no, we would not apply a GLUE charge in
17 that case as you described it, because the GLUE charge
18 would only be applicable if BellSouth was combining the
19 elements itself. We will not be combining them.

20 Now the other issue of whether or not such a
21 service as you described will even be offered, I can't
22 answer. You'll need to ask Mr. Scheye, because what you
23 seem to have described is another variation of subloop
24 unbundling.

25 Q So is it your -- is it BellSouth's position,

1 then, that if I am Intermedia and I said I want to order
2 a 56 kilobit digital loop, or let's say some other kind
3 of loop, let's say one of the loops that's definitely in
4 your statement, a DS-1 loop, and I said, hey, BellSouth,
5 I would like you to multiplex this in the central office
6 to me before handing it off to my collocated cage,
7 BellSouth would reject that request?

8 A Well, there's no reason to multiplex a DS-1
9 loop.

10 Q Let's say I wanted a DS-3 cross-connect to my
11 cage.

12 A If you wanted a DS-3 loop, I think you would
13 request that through the bona fide request process, if
14 it was offered.

15 Q Well, let's say the MUXing I want, I wanted to
16 MUX it down into a bunch of voice grade circuits.

17 A Again, if you wanted to put in a multiplexer,
18 you're free to do that, and you can multiplex it however
19 you want. What you're describing with a GLUE charge is
20 somehow where BellSouth combines multiple network
21 elements. It doesn't sound like what you're asking for
22 is in fact even multiple network elements. It sounds
23 like it is some subpart of a network element that you
24 want to have divided somehow.

25 Q Well, let's use another example then. Let's

1 say I wanted a DS-1 unbundled loop and I wanted to
2 purchase BellSouth's DS-3 interoffice transport. I
3 wanted to buy each of those as an unbundled network
4 element. Would BellSouth hook those two elements up for
5 me? ^

6 A We will send them to your collocated cage and
7 then you can hook them yourself. We won't combine them
8 for you.

9 Q How about a loop and a network interconnection
10 device, if I --

11 A That is the loop.

12 Q BellSouth defines the loop as including a NID?

13 A Yes.

14 Q Let's talk about the unbundled -- the subloop
15 distribution element listed in the BellSouth statement.
16 Let's say I wanted that and in a NID. Could I get those
17 two?

18 A I don't know how you would do it. If you
19 could figure out a way to do it.

20 Q Let's say I wanted to provide my own feeder --
21 my own feeder, all right, so I'm going to run a DS-1
22 feeder from my collocated cage to a controlled
23 environmental vault halfway in the loop. I want there
24 to cross connect to a 56 digital conditioned feeder a
25 distribution loop, which is listed -- a distribution



ALL-STATE[®] LEGAL 800-222-0510 EDS11 RECYCLED

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Application by BellSouth)	CC Docket No. 97-__
Telecommunications, Inc. for)	
Authorization under Section 271 of the)	
Communications Act to Provide In-)	
Region, InterLATA Service in the State of)	
South Carolina)	

**AFFIDAVIT OF
LOUISE B. HAYNE
ON BEHALF OF AT&T CORP.**

I, Louise B. Hayne, being first duly sworn upon oath, do hereby depose and state as follows:

1. I am employed by AT&T Corp. ("AT&T") as the State Manager, Regulatory for the State of South Carolina. My business address is 440 Knox Abbott Drive, Cayce, South Carolina 29033. My responsibilities include representation of AT&T on regulatory matters before the South Carolina Public Service Commission ("SCPSC"), including review of filings made to the SCPSC.
2. In South Carolina, contract service arrangements ("CSAs"), which include special service arrangements (SSAs), customized telecommunications service agreements (CTs), volume and term arrangements (VTAs), and master service agreements (MSAs),

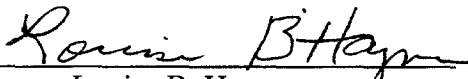
are required to be filed with the SCPSC. I have personally reviewed the CSAs that BellSouth has filed with the SCPSC, most recently on September 19, 1997.

3. In 1996, BellSouth filed 66 CSAs with the SCPSC. For 1997, through September 26, 1997, the number of BellSouth-filed CSAs had increased to at least 141, with 32 being filed in March 1997 alone. These CSAs cover BellSouth's provision of telecommunications services to the end user customer specified in the contract. For example, BellSouth's CSA with General Electric includes basic business service, ISDN business services, and MegaLink services. CTS Agreement, BellSouth and General Electric, Tariff 97-13 (SCPSC).


4. Many of the CSAs include term commitments with substantial early cancellation penalties. For example, BellSouth's agreement with NationsBank, which runs for three years, includes termination penalties of at least \$3 million for the first year and \$2 million for the second year. CTS Agreement, BellSouth and NationsBank, Tariff 97-110 (SCPSC, filed March 18, 1997).

5. I declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

Executed on September 29, 1997.


Louise B. Hayne

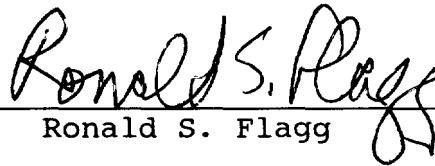
SUBSCRIBED AND SWORN TO BEFORE ME this ^{10th}21 day of September 1997.


Notary Public

My Commission expires: 9/18/2001

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of October 1997, I caused copies of the Motion of AT&T Corp. and LCI International Telecom Corp. to Dismiss BellSouth's 271 Application for South Carolina to be served upon the parties on the attached list by hand-delivery.



Ronald S. Flagg

SERVICE LIST

Federal Communications Commission

William Caton (Original + 11 copies)
Office of the Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, DC 20554

Janice Myles (5 copies)
Policy and Program Planning Division
Common Carrier Bureau
Federal Communications Commission
Room 544
1919 M Street, N.W.
Washington, DC 20554

U.S. Department of Justice

Donald J. Russell (5 copies)
U.S. Department of Justice
Antitrust Division, City Center Building
1401 H Street, N.W., Suite 8000
Washington, DC 20530

Joel Klein
Acting Assistant U.S. Attorney
U.S. Department of Justice
950 Pennsylvania Ave., N.W.
Washington, DC 20530-001

South Carolina Public Service Commission

F. David Butler, General Counsel
South Carolina Public Service Commission
111 Doctors Circle
P.O. Box 11649
Columbia, SC 29211

ITS

ITS
1231 20th Street, N.W.
Washington, DC 20036

BellSouth Corporation
BellSouth Telecommunications, Inc.
BellSouth Long Distance, Inc.

Michael K. Kellogg
Kellogg, Huber, Hansen, Todd & Evans
1301 K Street, N.W.
Suite 1000 West
Washington, DC 20005